

A G E N D A

GRAND TRAVERSE NEXT MICHIGAN DEVELOPMENT CORPORATION

Thursday, May 29, 2014 – 1:30 p.m.
Governmental Center, 400 Boardman Avenue
Second Floor – Commission Chambers
Traverse City, MI 49684

1. ORDER OF BUSINESS

- a. Approval of February 27, 2014 Minutes.....1

2. PUBLIC COMMENT/INPUT

Any person shall be permitted to address a meeting of the Grand Traverse Next Michigan Development Corporation (NMDC), which is required to be open to the public under the provisions of the Michigan Open Meetings Act, as amended. (MCLA 15.261, et. seq.) Public comment shall be carried out in accordance with the following Rules and Procedures:

- Any person wishing to address the NMDC shall state his or her name and address.
- Persons may address the NMDC on matters, which are relevant to NMDC issues.
- No person shall be allowed to speak more than once on the same matter, excluding time needed to answer NMDC questions. The Chairperson shall control the amount of time each person shall be allowed to speak, which shall not exceed three (3) minutes; except as follows:
 - › Chairperson may, at his or her discretion, extend the amount of time any person is allowed to speak.
 - › Whenever a group wishes to address the NMDC, the Chairperson may require that the group designate a spokesperson; the Chairperson shall control the amount of time the spokesperson shall be allowed to speak, which shall not exceed fifteen (15) minutes.

3. REPORTS / Receive and File Communications

- a. 2013 Annual Report 2-4
- b. Marketing – Name, Logo, Website Presentation 5
- c. New Tax Abatement Application – QSDG Manufacturing 6-7

4. PUBLIC COMMENT/INPUT

Refer to Rules under PUBLIC COMMENT/INPUT above.

5. NOTICES

6. ADJOURNMENT

NEXT MICHIGAN DEVELOPMENT CORPORATION BOARD
Minutes of February 27, 2014
(Held in Commission Chambers Governmental Center)

draft

MEMBERS PRESENT: PAHL, LILE, KORN, EASTERDAY

EXCUSED:

ABSENT: LEMCOOL

STAFF PRESENT: MCINTYRE, SYCH

Meeting called to order at 1:30 p.m. by Vice-Chairman Easterday.

Approval of January 23, 2014 Regular Meeting Minutes: **MOVED** by Pahl, seconded by Lile to approve the minutes of the January 23, 2014 meeting as presented. **APPROVED** unanimously.

PUBLIC COMMENT:

Chairman Korn arrived at 1:34 at which time Vice-Chairman Easterday turned the meeting over to Chairman Korn.

REPORTS/RECEIVE AND FILE COMMUNICATIONS:

NMDC Talking Points: Sych reviewed the Talking Points compiled as a component of the contract with Flight Path to identify the purpose of the program. Sych noted that Flight Path is in the process of developing the marketing elements of the new program name, logo and additional design elements that are anticipated to be completed for presentation at the March meeting. Sych noted that at this time, "NEXT" is a placeholder.

Easterday recommended calling attention to the cross-jurisdictional component and requested additional information relative to abatements and renaissance zones.

Lile stated that he had received an interest call from Quantum Sails and requested that staff follow up.

NMDC Strategic Goals: Sych outlined the Strategic Goals compiled as a result of feedback from participants at the January Stakeholder meeting. Sych discussed the goals as outlined in the draft Strategic Plan. Easterday requested a clearer identification of the specific goals. Further, Easterday requested that staff investigate a presentation by NMC to expand on the REMI study and its benefits. Lile suggested that staff compile an annual report that could be distributed to all taxing jurisdictions, in the future.

Brand Marketing Update: Sych reported that Flight Path would be present at the March meeting to update the board relative to branding, the website and a synopsis of their work thus far.

OTHER BUSINESS:

PUBLIC COMMENT:

NOTICES:

ADJOURNMENT: Meeting adjourned at 2:33 p.m.

Glen Lile, Chairman

NEXT MICHIGAN DEVELOPMENT CORPORATION

SUBJECT: 2013 Annual Report
FROM: John Sych
FOR MEETING DATE: May 29, 2014

Attached is the draft 2013 Annual Report for the Next Michigan Development Corporation. The report will be sent out to the governing bodies, taxing jurisdictions, and others to highlight last year's achievements.

Recommendation: Approve the 2013 Annual Report.

Grand Traverse Next Michigan Development Corporation ANNUAL REPORT

City of Traverse City ■ Grand Traverse County
East Bay Charter Township ■ Garfield Charter Township ■ Blair Township

2013

Property Tax Abatement and Renaissance Zone Guidelines Established

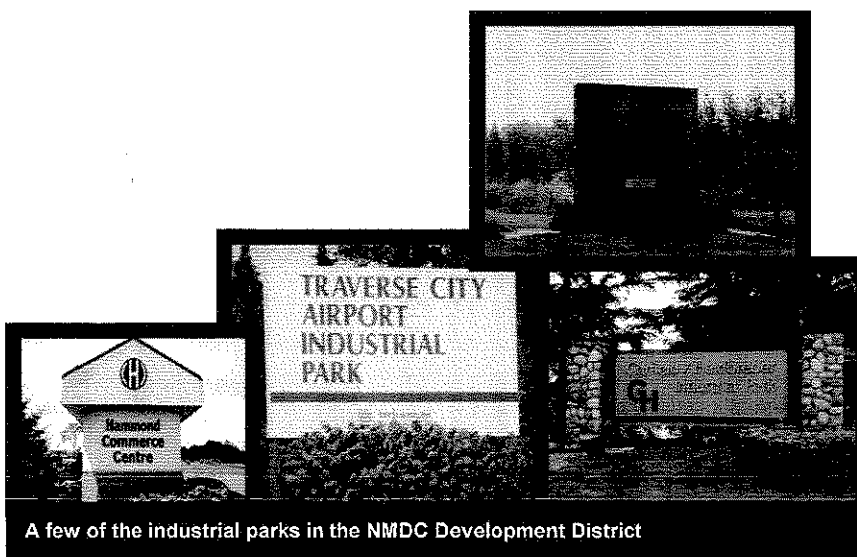
In August, the State of Michigan's Next Michigan Committee, through the Michigan Economic Development Corporation, approved the Grand Traverse Next Michigan Development Corporation (NMDC) Tax Abatement and Renaissance Zone Guidelines which included criteria, applications, score sheets and model agreements for the NMDC Board. As the NMDC development district was approved in 2012 and renaissance zone areas approved in 2013, the NMDC Board is now ready to review applications from businesses.

Establishment of Renaissance Zones

In September, the Michigan Strategic Fund Board approved the areas approved by the NMDC and the applicable four governing jurisdictions as locations for renaissance zones. The approved areas include Aero Park Business Park; Meadowland Industrial Park; Peninsula Business Park; Garfield/Hammond area industrial parks; and, the proposed air cargo facility area within the Cherry Capital Airport. This designation is effective in 2013 but will not be activated until approval of an application by a qualified business. Zones will expire on December 31, 2023.

Grant for Marketing Activities

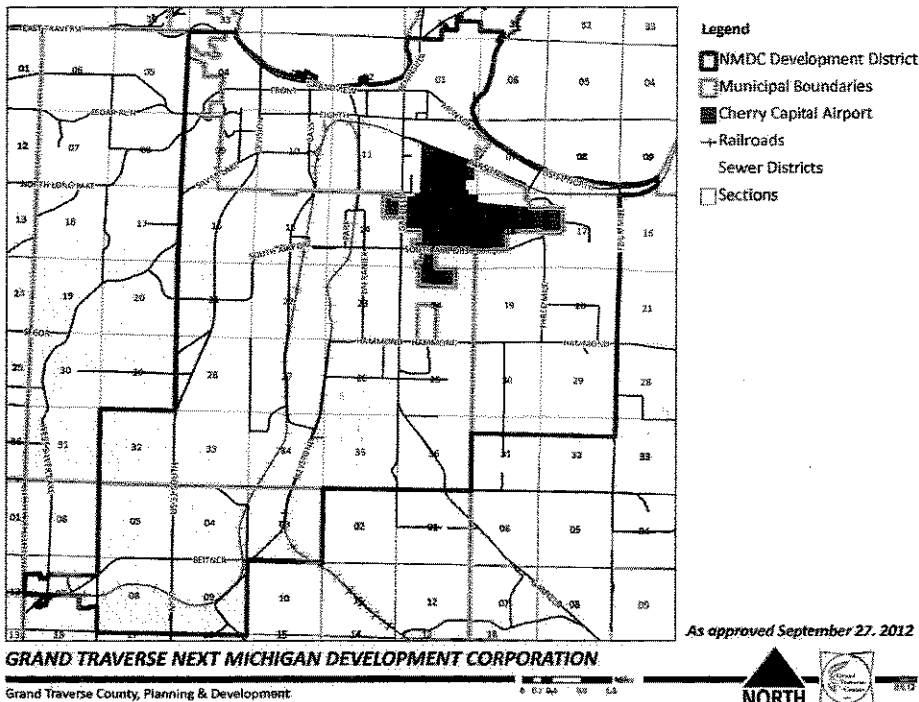
The Michigan Economic Development Corporation awarded a \$20,000 marketing grant to the NMDC. This grant requires a dollar-for-dollar match, which is being met from set-aside funds during the organization of the Corporation. Agreement was reached with the Traverse City Area Chamber of Commerce to be part of the next edition of the Chamber's Careers magazine and provide visibility for the NMDC on the Chamber website with connection to the NMDC webpage. The second component of the grant, completed through an RFP process, was to create a brand/identity and various marketing components for the NMDC. Flight Path Creative of Traverse City was awarded a contract to complete this task. A new web presence and brand will be completed within the second quarter of 2014.



A few of the industrial parks in the NMDC Development District

Definition of Next Michigan Development Corporation:

Logistics centers within the state of Michigan that on a regional, public/private collaborative basis provide expedited, streamlined, and cost-effective services and incentives to multi-modal businesses engaged in exporting and importing.



The GTNMDC Development District as established by the NMDC Board (see purple outline on map) determines the jurisdiction in which the GTNMDC may apply its tools. The District includes all of the City of Traverse City, the majority of Garfield Township, the northwest corner of East Bay Township and the Chum's Corner area in Blair Township.

Collaboration with Local Taxing Jurisdictions

The NMDC held a meeting with all taxing jurisdictions in the first and second quarter of 2013. This meeting was for two purposes: First, the purpose was to introduce the taxing units to the Next Michigan designation and the economic development tools available through this designation; second, the purpose was to look for ways to collaborate and partner in utilizing tax increment financing (TIF) for the benefit of all jurisdictions. This was the first time that all taxing jurisdictions met to discuss economic development and TIF. Additional meetings will be held in 2014.

Supporting Michigan's Logistics and Supply Chain Plan

In 2013, the State of Michigan unveiled its Logistics and Supply Chain Strategic Plan 2013-2020.

Steering Committee:

NMDC staff is part of the Logistics and Supply Chain (LSC) Steering Committee. This Committee is implementation focused and will align with leadership in LSC Collaborative Structure. Success depends on alignment, communication, collaboration and results across all stakeholder groups. Outcomes are business competitiveness; job creation and increase investment.

Memorandum of Understanding:

NMDC joined the other four Next Michigan Development Corporations in a Memorandum of Understanding for the purpose of setting forth non-binding general guiding principles fostering collaboration that will support the implementation of the Logistics and Supply Chain Strategic Plan.

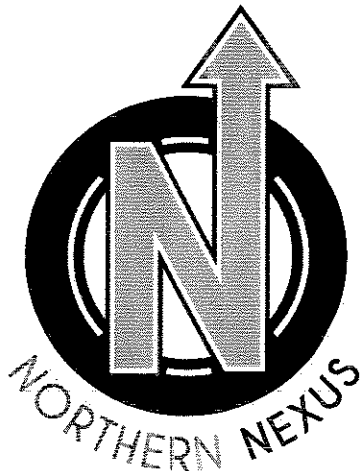


NEXT MICHIGAN DEVELOPMENT CORPORATION

SUBJECT: Marketing – Name, Logo, Website Presentation
FROM: John Sych
FOR MEETING DATE: May 29, 2014

On March 26, Flight Path Creative unveiled a new name, Northern Nexus, and logo for the Next Michigan Development Corporation. There was not a quorum at that time, so not all board members were able to see the presentation. No formal action has been taken. The new website will be presented at the May 29 meeting. The website is not live and we will be working with Flight Path Creative to complete it for a later “go live” date.

Recommendation: Approve the use of the new name, Northern Nexus, for the Grand Traverse Region Next Michigan Development Corporation.



Next Michigan Development Corporation

SUBJECT: New Tax Abatement Application – QSDG Manufacturing
FROM: Jean Derenzy & John Sych
FOR MEETING DATE: March 29, 2014

We have received our first abatement application for consideration by the Next Michigan Board. As this is the first application, the process will be outlined first prior to reviewing the application.

Process

1. Applicant meets with Staff to ensure proposal meets criteria
2. NMDC considers complete application in accordance with adopted criteria
3. If acceptable, NMDC approves resolution for district (PA 198)/exemption (PA 206) contingent upon local government review
4. Within 10 days of approval, NMDC submits resolution to Local Government
5. Within 45 days of receipt, Local Government, by resolution, may disapprove
6. After 45 days, if there is no resolution to disapprove, district/exemption is approved

Before the review of the application, staff would like to review the process with the Board. There may be opportunities to improve the process.

Preliminary Review of Application

Applicant: QSDG (Quantum Sails)

Company Background: Quantum Sails has been in operation since 1996 originally created in Annapolis, Maryland. In 2007, the company moved their headquarters to Traverse City and located in the Peninsula Business Park in East Bay Township. Quantum Sails is the second largest maker of sails in the country. Primary customers are United States, Europe and Asia. The new equipment purchased will allow them to move create the sail membrane completely at their Traverse City location making the sails entirely made in the U.S. This is an important marketing component as having the sails made in the U.S. is becoming more important to the end user. Having the sail made in the U.S. will also get the sail to the consumer faster which addresses another important business component: time. The equipment provides new technology for QSDG and training for current employees and the hiring of an additional 8 new full-time employees within 36 to 48 months.

Current Jobs: 20, with an additional 8 jobs created with the new machinery created.

Logistics: Sails are made in Traverse City and transported via USPS, Federal Express utilizing air and land.

New Investment: \$382,000

Other Considerations: Quantum Sails currently has an approved Industrial Development District until September, 2014. Abatement was granted for 4 year personal property and 8 year real property.

Policy

Attached is the policy/score sheet as approved previously by the NMDC board and will be completed by staff should a public hearing be granted. Based on the information provided by the company, staff is recommending the following:

RECOMMENDATION: Establish a public hearing for the June 26, 2014 meeting for consideration of a tax abatement request by QSDG Manufacturing.

INDUSTRIAL FACILITIES TAX CERTIFICATE DURATION

POINTS	PERSONAL PROPERTY	REAL PROPERTY
0-24	0 years	0 years
25-49	3 years	6 years
50-74	4 years	8 years
75-100	6 years	12 years

Grand Traverse Next Michigan Development Corporation Tax Abatement Score Sheet

	Points Available	Points Awarded	Notes
Jobs			
Retained			
0-10	5		
11-25	10		
26-50	15		
51-100	20		
101+	25		
Created			
0-10	5		
11-25	10		
26-50	15		
51-100	20		
101+	25		
TOTAL POINTS	50		
Private Investment			
Personal Property			
\$0 - \$500,000	5		
\$500,001 - \$2M	10		
\$2M - \$5M	15		
\$5M +	20		
Real Property			
\$0 - \$500,000	5		
\$500,001 - \$2M	10		
\$2M - \$5M	15		
\$5M +	20		
TOTAL POINTS	40		
Industry/Building			
Industry and Location Compatible with Master Plan	0-2		
Public Services Required	0-4		Rated 0-4 based on how much increase in public expenditures will be required to service the proposed development and the support of those services, with 4 being no additional public expenditures for, but not limited to, water, sewer, police, fire and/or code enforcement and applicant utilizing public water, sewer, and power and 0 being public expenditures in 4 or more areas and applicant not utilizing public water, sewer, and power.
Exterior Appearance	0-4		Rated 0-4 based on the aesthetic design of building and grounds enhancing the community with 4 being an innovative design which improves the neighborhood in all senses and 0 being basic design which meets minimum legal standards.
TOTAL POINTS	10		
Total Score	100		